UNITEDHEALTH GROUP®

Second Quarter 2026 Results
Teleconference Prepared Remarks
July 16, 2026

Moderator:

Good morning, and welcome to the UnitedHealth Group Second Quarter 2026 Earnings Conference Call. A question and answer session will follow UnitedHealth Group's prepared remarks. As a reminder, this call is being recorded.

Here is some important introductory information. This call contains "forward-looking" statements under U.S. federal securities laws. These statements are subject to risks and uncertainties that could cause actual results to differ materially from historical experience or present expectations. A description of some of the risks and uncertainties can be found in the reports that we file with the Securities and Exchange Commission, including the cautionary statements included in our current and periodic filings.

This call will also reference non-GAAP amounts. A reconciliation of the non-GAAP to GAAP amounts is available on the "Financial & Earnings Reports" section of the Company's Investor Relations page at www.unitedhealthgroup.com.

Information presented on this call is contained in the Earnings Release we issued this morning and in our Form 8-K dated July 16, 2026, which may be accessed from the Investor Relations page of the Company's website. I will now turn the conference over to the chairman and chief executive officer of UnitedHealth Group, Stephen Hemsley.

Stephen Hemsley

Thank you. Good morning, everyone, and thank you for joining us.

Our second quarter results and updated full year 2026 outlook demonstrate continuing progress toward delivering more consistent and dependable performance. They are a sign of stronger, broad-based performance disciplines taking hold in each of our businesses, and a restless desire to drive mission-aligned change across the enterprise and advance our social impact.

UnitedHealthcare has improved performance in its Medicare businesses through thoughtful benefit planning and design, all while remaining respectful of persistently elevated medical costs.

Our Medicaid business is in line with expectations, as we continue to work with states on ensuring appropriate rates.

Our commercial benefits business, consistent with the broader and more diverse commercial market it serves, continues to experience higher-than-expected cost trends due to factors Tim Noel will discuss shortly.

At Optum, we're seeing building momentum from Optum Health as the business re-centers back to its integrated, value-based care delivery model. This resulted in another quarter of improved care management and greater operating discipline.

Optum Rx continues to perform to plan as transparency initiatives we announced early this year resonate well in the marketplace.

Optum Insight, also on plan, remains on a multi-year path of reinvestment and innovation, as we bring modern intelligent technologies and services to the areas of greatest need in the health system. We believe Optum Insight is exceptionally well-positioned to help modernize and simplify the health system as it brings AI-enabled tools and services to market.

Across the enterprise, we're focused on serving consumers and care providers in ways that are reliable, affordable and transparent. That requires us to pay close attention to areas where the system isn't working well enough – areas including care approvals, accuracy of information and speed of response, access and scheduling, digital services, care path navigation and more.

We are committed to making the health system work better for all stakeholders – by simplifying processes – by being clearer, more consistent and faster in the experience we offer and by redesigning and modernizing that experience altogether.

AI technology is helping us move faster. We're using it to improve service interactions, reduce administrative burden and support better decision-making –

always in service of improved experiences and outcomes for both patients and care providers.

UnitedHealth Group has a long history of evolving to meet the needs of a constantly changing U.S. health system. That evolution today includes a tech-forward view actively and appropriately embracing an AI paradigm for our businesses, a management team with skills and vision to help in building a more advanced health system and an ever-evolving organizational structure and culture aligned to that system. Our operating structure today broadly reflects a set of highly regulated benefit businesses and a complementary set of products and services for patients, care providers and customers. We will continue to look to build and evolve ahead of the health system itself.

We're making solid, early progress, both in how we better approach those we serve and in our results. We have much more work ahead and need to continue to get better by focusing on what matters most with solid management and execution disciplines aligned to our mission to better serve people and the health system itself.

With that, I'll turn it over to Tim Noel.

Tim Noel

Thanks, Steve.

The pricing, benefit design and market actions we've taken over the past year have been central in supporting our second quarter results and improved full-year outlook. As you have seen, UnitedHealthcare's overall performance in the second quarter exceeded expectations, driven by better results in Medicare Advantage while commercial benefits remain pressured.

I'll start with medical costs, through the first half of the year, we are seeing divergence within our portfolio. Medical cost trends in Medicare are still running well above historical levels but below our expectations so far in 2026.

A primary reason for trend being below our expectations in Medicare is our own initiatives, including benefit design, care management models and network curation. Other factors have an influence as well, including prior-year

development, a more favorable respiratory season and weather patterns. We expect the 2026 Medicare medical cost trend to come in below our initial estimate of around 10%.

Commercial costs are stubbornly high, rising above expectations, which we believe is consistent with what is being experienced across the sector.

Turning to the overall performance of our individual benefit offerings, Medicare delivered a stronger second quarter. Membership retention was better than previously anticipated. We now expect full-year Medicare Advantage enrollment to decline by approximately 1.1 million and Medicare margins to finish 2026 above 3%.

Looking to 2027 bids, our benefit planning remains disciplined and grounded in the current trend environment. We will continue to support program and margin stability through actions including benefit adjustments and selective changes in market participation.

In Medicaid, overall performance during the quarter, including cost trend, was broadly in line with expectations. We are beginning to see early signs of improvement from initiatives including those targeting elevated behavioral health cost trends, but we expect Medicaid margins to remain pressured for 2026. Our focus is on closing the gap between lagging reimbursement rates and underlying medical cost trends while continuing to partner closely with states to support the long-term sustainability of Medicaid benefits and support them in identifying and reducing fraud, waste and abuse.

Within our commercial offerings, as I noted, we are not yet seeing evidence of cost trend moderation – in fact, it is the opposite, with medical cost trends modestly above the 11% level we previously saw. The primary drivers are pressure from the independent resolution process under the No Surprises Act, which applies only to commercial plans; and more aggressive billing practices among providers, especially higher service and coding intensity and higher costs per encounter that result from the more fee for service orientation of commercial plans. At this distance, commercial margin recovery will remain a focus area longer than originally anticipated.

Returning to UnitedHealthcare as a whole, we are confident in being able to deliver meaningful earnings growth in 2026 and into 2027 with the reinvestments we are making in the business to build a stronger, more durable foundation for 2027 and beyond.

Of equal, if not more, importance: We remain intent on modernizing essential health care experiences to improve how consumers and care providers experience the health system. For example, in the quarter we committed to eliminating by the end of this year 30% of prior authorization volume and nearly two-thirds of prior authorization requirements for pediatric care. We continue to take concrete steps to reduce complexity and increase speed by further simplifying prior authorization; increasing consumer-responsive digital experiences; providing greater support to rural hospitals and care providers; offering more consumer-centered product innovation; and much more.

AI is both an enabler and an accelerant to this effort. We're early in this work but clearly on the path to improve the healthcare experience and strengthen relationships with our stakeholders – starting with consumers and care providers. And we're confident these efforts will bolster UnitedHealthcare's long-term performance and market position.

And now let me hand it to Patrick Conway.

Patrick Conway

Thanks, Tim. As Steve noted, we are seeing positive momentum across Optum, with all three business segments performing inline or ahead of plan through the first half of the year.

Optum Health is intently focused on improving its clinical care and operational experience to better serve the 20 million people we care for through primary and specialist care, ambulatory surgery and home health. Over the last year, we have made significant changes in how we operate this business locally and nationally and are seeing the initial benefits of this approach. We are steadfast in our intent to optimize an integrated value-based care system that benefits patients, care providers and taxpayers.

On the clinical side, we are advancing approaches that better support care providers and drive measurable improvements to patient care at lower costs. I'll offer a few examples:

- First, enhanced support for patients during key transitions of care has resulted in an approximately 10% reduction in hospitalizations since implementation late last year in the western and southern regions of Optum Health.
- Second, home health initiatives to better support patients as they return home, where they can be managed more comfortably and effectively, have reduced readmissions. In pilots, the effort has driven a more than 20% improvement in timely care delivery, alongside reductions in acute care utilization and shorter skilled nursing facility stays.
- And third, in rural health, we've expanded access to care by integrating HouseCalls and home-based care capabilities, coupled with treat-in-place offerings for patients with complex chronic and behavioral health conditions. Today, Optum Health reaches nearly 90% of U.S. counties and conducts approximately 2.5 million rural patient home visits annually.

We will expand these programs across our Optum Health footprint by the end of 2026.

On the operational side of Optum Health, we have established a clearer regional and national management focus. This gives us greater and more timely visibility into performance, driving consistent best-in-class standards across the portfolio and deploying technologies to support clinicians in the important work they do. There is real progress on the rollout of AI-based ambient listening capabilities, available to 70% of our employed providers today and on track to exceed 90% by year-end.

Collectively, these actions are yielding tangible results. Patient experience in our care delivery sites is up approximately 5% year-over-year, and patient access has expanded by nearly 200,000 more patient-facing hours. We are in the early stages of these efforts.

Optum Health will build upon this foundation with additional investments in clinical workflow improvements and network performance, more deeply embedding AI and automation to further improve operational performance and clinician experience. Additionally, we entered the 2027 benefit planning season very differently than years past, starting with much earlier proactive collaboration with all our payer partners. This will translate to greater care coordination for patients while more appropriately aligning rates and risks.

As our plans and initiatives begin to mature and scale with disciplined execution, we expect margins to continue to steadily improve.

Turning to Optum Rx, for a few years now we have been leading an industry-wide shift toward transparency and fee-based services, where we are delivering affordability and better outcomes, regardless of pricing structure. That's why we continue to win new customers and retain existing ones, with retention rates in the high 90s.

In May, we announced a new pharmacy care approach based on monthly per member fees, with full PBM and GPO fee transparency and enhanced consumer tools. Client feedback has been positive and focused on how greater transparency and clinical alignment can address trend challenges, shifting the conversation to affordable health outcomes versus economic guarantees.

This all builds on our industry-leading commitment last year to pass through 100% of manufacturer rebates to customers by the end of 2027. We are well on our way, as we expect to end 2026 with more than 95% of clients on a 100% pass-through.

Moving to Optum Insight, AI-enabled approaches continue to gain traction as more payer and provider customers seek differentiated capabilities to drive better performance.

The emerging suite of products includes solutions such as AI-enabled coding, real-time payer and provider interfaces and clinical quality and safety support. These products are driving real impact for customers, making health care simpler, faster, better and more affordable.

For example, Value Connect is an AI driven insights platform integrated into provider workflows and electronic health records to improve value-based care performance. Early client results include a 17% reduction in pharmacy costs.

Bringing this all together, halfway through the year we have made steady progress in each of our Optum businesses and will continue to find ways to better serve patients, providers, and customers.

I'll now turn it over to Wayne DeVeydt.

Wayne DeVeydt

Thank you Patrick and good morning, everyone.

I will briefly review second quarter results then discuss expectations for the remainder of the year as we refresh our 2026 guidance.

Overall, the quarter and full-year outlook reflect improved performance across our businesses with notable improvements in UnitedHealthcare and Optum Health.

UnitedHealth Group reported adjusted earnings per share of $6.38, compared to $4.08 in the prior year. Total revenues were $112 billion, largely consistent with the prior year, while operating earnings of $8 billion grew 55% year-over-year. This improvement reflects product and portfolio actions taken over the past 12 months along with more focused and consistent management disciplines.

Turning to medical costs, our reported medical care ratio of 86.7% includes $860 million of net favorable prior period medical development, the majority of which is in-year development. This compares to 89.4% in 2Q 2025. Days claims payable was 47 days, up approximately 2.5 days from a year ago.

The operating cost ratio was 12.7% for the quarter, compared to 12.3% a year ago, as we continued to focus on operating discipline while making targeted investments across technology, AI, care delivery enhancements, customer experience and advancing healthier communities through the United Health Foundation.

Moving to cash flows and our balance sheet, operating cash flows in the quarter were approximately $11 billion, or 1.9 times net income, reflecting timing of substantial government payments and strong earnings. This provides capital to strengthen the balance sheet, invest in growth and return value to shareholders. Through mid-July, we have deployed $4 billion for repurchases of 11.4 million shares. We now expect to complete total share repurchases of at least $5 billion in 2026, compared to initial guidance of $2.5 billion. During the quarter, we returned $2.1 billion to shareholders through our dividend, which our Board increased to $9.28 per share on an annualized basis. And lastly, on July 2 we successfully closed the previously announced combination with Alegeus.

Our debt-to-capital ratio was 41.2% at the end of the quarter, compared to 44.1% one year ago and a 170 basis point sequential improvement from the first quarter of this year. We remain on track to reduce our debt-to-capital ratio to approximately 40% by the end of 2026.

As you saw earlier this morning, we have updated our full year 2026 guidance to reflect performance through the first half of the year and a more mature understanding of expected membership mix and utilization patterns for the remaining six months. We continue to be respectful of medical trend, and we believe this refreshed outlook appropriately balances risks and investments with durable run-rate earnings.

A few areas of this outlook to highlight:

We are providing new adjusted earnings per share guidance range of $19.50 to $20, with slightly more earnings in 3Q relative to 4Q.

We are increasing the full year operating earnings outlook for UnitedHealthcare to at least $12 billion and for Optum Health to at least $2.2 billion. These changes reflect operational improvement underway across the enterprise. We now expect a full-year Medical Care Ratio of 88.1%, +/- 25 basis points. We expect the Operating Cost Ratio to come in at the higher end of our previously discussed range as a result of investments in our people, communities and AI.

The overall earnings cadence for the year remains consistent with prior expectations. UnitedHealthcare earnings continue to be weighted approximately

75% to the first half of the year. Similarly, we expect nearly all of Optum Health's earnings to be recognized in the first half, with modest profit in 3Q offset by modest losses in the fourth quarter, due to the seasonality of the risk-based businesses.

In contrast, Optum Insight and Optum Rx remain more heavily weighted toward the second half of the year, with each expected to generate approximately 55% of their full-year earnings during the back half as client implementations, growth investments and normal business seasonality progress through the year. So overall we're seeing a two-thirds/one-third first-half to back-half mix.

Steve, back to you.

Stephen Hemsley

Thanks, Wayne.

Over the last few quarters, this enterprise has undertaken a broad-based effort to improve how consumers and care providers experience the health system while addressing chronic cost trend issues driving the everyday challenges of access, affordability and complexity. Our press release this morning has a sampling of these initiatives.

Our efforts focus on essential themes: affordability, transparency, modernization, simplicity and convenience.

As the U.S. health system continues to evolve, we will evolve our approaches and our businesses as a scaled and diverse enterprise – driving integrated value based care anchored in the first principles of the right care, at the right time and in the right setting – a system where incentives are aligned to those first principles and the better health and the better cost trends they drive.

Value-based care approaches are a key component of the effort to make health care more affordable by bending the cost trend by better aligning incentives for both consumers and care providers.

Artificial intelligence technologies, applied in practical ways that help people, can be an accelerator to achieving that goal as we use them to literally reimagine our enterprise. You should expect us to continue along that path and pick up

momentum as we better fulfill our mission, with accountability to you and all stakeholders in the health system.

We will now go to questions. Thank you, operator.

Steve (Post-Q&A Close)
Thank you all for joining us today. We appreciate your time and your trust in us as we continue to both improve our performance and modernize our company, and I can assure you we still stay restless and urgent as we go forward.